

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 220
Ashland, Kansas

We have audited the accompanying financial statements of Unified School District No. 220, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the District, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, Unified School District No. 220 has prepared these financial statements using the accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effect of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2011, or the changes in its financial position for the year then ended. Further, Unified School District No. 220 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District, as of June 30, 2011, and its cash receipts and expenditures, and budgetary results for the year then ended on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

December 21, 2011

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2011

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances
General funds:		
General fund	\$ (53,065)	\$ -
Supplemental general fund	38,614	-
Special revenue funds:		
Bilingual fund	4,281	-
Capital outlay fund	187,993	-
Driver training fund	11,762	-
Food service fund	39,089	-
Professional development fund	17,230	-
Special education fund	45,067	-
Vocational education fund	24,612	-
KPERS special retirement contribution fund	-	-
At-risk (4 yr old) fund	21,098	-
At-risk (K-12) fund	33,002	-
Recreation commission fund	6,075	-
Non-budgeted special revenue funds:		
Contingency reserve fund	58,720	-
Textbook and student material revolving fund	6,474	-
Title I fund	-	-
Title II math/science fund	-	-
Title III fund	-	-
Title IV drug free fund	-	-
REAP grant fund	-	-
Gifts and grants fund	75,928	-
District activity funds	14,284	-
Private-purpose trust fund:		
Meginniss trust	39,159	-
	570,323	-
Component unit:		
Ashland Recreation Commission	44,430	-
Total - excluding agency funds	\$ 614,753	\$ -

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance (deficit)</u>
\$ 1,800,258	\$ 1,847,240	\$ (100,047)	\$ 21,898	\$ (78,149)
546,553	506,713	78,454	16,421	94,875
11,600	10,316	5,565	-	5,565
87,676	98,020	177,649	4,373	182,022
2,540	4,600	9,702	414	10,116
145,729	145,678	39,140	11,495	50,635
5,000	4,879	17,351	1,413	18,764
277,575	253,877	68,765	-	68,765
75,000	59,622	39,990	-	39,990
93,143	93,143	-	-	-
21,000	15,878	26,220	-	26,220
163,000	121,549	74,453	-	74,453
30,239	35,614	700	-	700
-	-	58,720	-	58,720
10,385	12,325	4,534	6,356	10,890
44,797	44,797	-	-	-
10,406	10,406	-	-	-
968	968	-	-	-
522	522	-	-	-
21,964	21,964	-	-	-
83,604	24,466	135,066	25	135,091
68,749	57,276	25,757	-	25,757
150	-	39,309	-	39,309
3,500,858	3,369,853	701,328	62,395	763,723
39,877	44,646	39,661	-	39,661
<u>\$ 3,540,735</u>	<u>\$ 3,414,499</u>	<u>\$ 740,989</u>	<u>\$ 62,395</u>	<u>\$ 803,384</u>

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH (CONTINUED)**

Year ended June 30, 2011

	<u>Ending cash balance</u>
Composition of cash balance:	
U.S.D. No. 220 accounts:	
Super now account - Stockgrowers State Bank	\$ 697,158
High school super now account - Citizens State Bank	78,938
High school money market account - Citizens State Bank	10,528
Certificates of deposit - Stockgrowers State Bank	39,309
Petty cash - Stockgrowers State Bank	1,500
Total component unit	<u>39,661</u>
Total cash	867,094
Less: Agency funds	(49,543)
Non-activity funds	<u>(14,167)</u>
Total - excluding agency funds	<u><u>\$ 803,384</u></u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2011

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:					
General fund	\$ 1,931,377	\$ (84,137)	\$ 1,847,240	\$ 1,847,240	\$ -
Supplemental general fund	562,250	-	562,250	506,713	55,537
Special revenue funds:					
Bilingual fund	12,880	-	12,880	10,316	2,564
Capital outlay fund	215,000	-	215,000	98,020	116,980
Driver training fund	17,963	-	17,963	4,600	13,363
Food service fund	230,660	-	230,660	145,678	84,982
Professional development fund	22,230	-	22,230	4,879	17,351
Special education fund	315,764	-	315,764	253,877	61,887
Vocational education fund	118,439	-	118,439	59,622	58,817
KPERS special retirement contribution fund	124,243	-	124,243	93,143	31,100
At-risk (4 yr old) fund	18,000	-	18,000	15,878	2,122
At-risk (K-12) fund	168,002	-	168,002	121,549	46,453
Recreation commission fund	<u>30,125</u>	<u>-</u>	<u>30,125</u>	<u>35,614</u>	<u>(5,489)</u>
	3,766,933	(84,137)	3,682,796	3,197,129	485,667
Component unit:					
Ashland Recreation Commission	<u>41,166</u>	<u>-</u>	<u>41,166</u>	<u>44,646</u>	<u>(3,480)</u>
Total	<u><u>\$ 3,808,099</u></u>	<u><u>\$ (84,137)</u></u>	<u><u>\$ 3,723,962</u></u>	<u><u>\$ 3,241,775</u></u>	<u><u>\$ 482,187</u></u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ (7,536)	\$ 5,126	\$ 21,002	\$ (15,876)
Current tax	635,608	556,029	502,183	53,846
Delinquent tax	9,641	242	-	242
Federal aid:				
ARRA stabilization funds	93,127	35,082	35,082	-
Education jobs funds	-	61,428	-	61,428
State aid:				
Equalization aid	937,150	952,271	1,179,202	(226,931)
Mineral production tax	19,020	38,862	-	38,862
Special education aid	197,954	151,218	192,148	(40,930)
In lieu of taxes	-	-	1,760	(1,760)
Total cash receipts	<u>1,884,964</u>	<u>1,800,258</u>	<u>\$ 1,931,377</u>	<u>\$ (131,119)</u>
Expenditures and transfers subject to legal maximum budget:				
Instruction	902,297	869,920	\$ 802,300	\$ (67,620)
Student support services	49,487	47,672	57,000	9,328
Instructional support staff	72,414	31,200	60,471	29,271
General administration	114,329	155,205	127,500	(27,705)
School administration	149,762	117,880	152,900	35,020
Operations and maintenance	151,728	208,099	205,200	(2,899)
Student transportation services	7,959	3,663	6,000	2,337
Vehicle operating services	-	-	8,500	8,500
Vehicle and maintenance services	6,811	-	7,789	7,789
Other supplemental service	116,005	144,950	117,925	(27,025)
Operating transfers	327,372	268,651	385,792	117,141
Adjustment to comply with legal maximum budget	-	-	(84,137)	(84,137)
Total expenditures and transfers subject to legal maximum budget	<u>1,898,164</u>	<u>1,847,240</u>	<u>\$ 1,847,240</u>	<u>\$ -</u>
Receipts over (under) expenditures	(13,200)	(46,982)		
Unencumbered cash (deficit), beginning of year	<u>(39,865)</u>	<u>(53,065)</u>		
Unencumbered cash (deficit), end of year	<u>\$ (53,065)</u>	<u>\$ (100,047)</u>		

The accompanying notes are an integral part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ (6,868)	\$ 5,256	\$ 17,267	\$ (12,011)
Current tax	484,069	519,072	476,960	42,112
Delinquent tax	7,587	132	-	132
Motor vehicle tax	21,522	21,807	19,596	2,211
Recreational vehicle tax	277	286	292	(6)
In lieu of taxes	-	-	1,331	(1,331)
Total cash receipts	506,587	546,553	\$ 515,446	\$ 31,107
Expenditures:				
Instruction	73,793	31,385	\$ 105,098	\$ 73,713
Student support services	205	-	156	156
General administration	737	1,014	2,700	1,686
School administration	1,999	510	2,000	1,490
Operations and maintenance	58,731	17,978	60,000	42,022
Student transportation services	81,550	85,510	55,250	(30,260)
Vehicle operating services	-	-	31,694	31,694
Vehicle and maintenance services	10,788	22,232	12,152	(10,080)
Other student transportation services	2,637	1,984	2,700	716
Other supplemental service	-	-	18,000	18,000
Operating transfers	264,900	346,100	272,500	(73,600)
Total expenditures	495,340	506,713	\$ 562,250	\$ 55,537
Receipts over (under) expenditures	11,247	39,840		
Unencumbered cash, beginning of year	27,367	38,614		
Unencumbered cash, end of year	\$ 38,614	\$ 78,454		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

BILINGUAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfers:				
General fund	\$ 8,222	\$ 5,000	\$ 8,600	\$ (3,600)
Supplemental general fund	-	6,600	-	6,600
Total cash receipts	8,222	11,600	<u>\$ 8,600</u>	<u>\$ 3,000</u>
Expenditures:				
Instruction	3,941	10,316	<u>\$ 12,880</u>	<u>\$ 2,564</u>
Receipts over (under) expenditures	4,281	1,284		
Unencumbered cash, beginning of year	-	4,281		
Unencumbered cash, end of year	<u>\$ 4,281</u>	<u>\$ 5,565</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ (2,191)	\$ 672	\$ 47	\$ 625
Current tax	96,108	56,891	52,265	4,626
Delinquent tax	2,452	88	-	88
Motor vehicle tax	6,318	5,212	-	5,212
Recreational vehicle tax	81	69	66	3
In lieu of taxes	-	-	300	(300)
Interest	-	782	-	782
Other	15,042	2,529	15,000	(12,471)
Transfers:				
General fund	-	21,433	-	21,433
Total cash receipts	117,810	87,676	\$ 67,678	\$ 19,998
Expenditures:				
Instruction	1,808	24,047	\$ 5,000	\$ (19,047)
Operations and maintenance	111,025	57,342	100,000	42,658
Facility acquisition and construction service	28,595	9,495	110,000	100,505
Repair and remodeling building	16,037	7,136	-	(7,136)
Total expenditures	157,465	98,020	\$ 215,000	\$ 116,980
Receipts over (under) expenditures	(39,655)	(10,344)		
Unencumbered cash, beginning of year	227,648	187,993		
Unencumbered cash, end of year	\$ 187,993	\$ 177,649		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
State aid	\$ -	\$ 740	\$ 700	\$ 40
Other	1,500	1,800	1,500	300
Transfers:				
Supplemental general fund	5,000	-	4,000	(4,000)
Total cash receipts	6,500	2,540	\$ 6,200	\$ (3,660)
Expenditures:				
Instruction	3,611	3,834	\$ 7,263	\$ 3,429
Vehicle operating maintenance	264	766	700	(66)
Other supplemental service	-	-	10,000	10,000
Total expenditures	3,875	4,600	\$ 17,963	\$ 13,363
Receipts over (under) expenditures	2,625	(2,060)		
Unencumbered cash, beginning of year	9,137	11,762		
Unencumbered cash, end of year	\$ 11,762	\$ 9,702		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Federal aid	\$ 51,393	\$ 47,453	\$ 49,553	\$ (2,100)
State aid	1,258	1,090	1,007	83
Charges for services	60,742	45,090	45,510	(420)
Other	1,900	8,596	2,000	6,596
Transfers:				
General fund	25,356	-	30,000	(30,000)
Supplemental general fund	50,000	43,500	63,500	(20,000)
Total cash receipts	<u>190,649</u>	<u>145,729</u>	<u>\$ 191,570</u>	<u>\$ (45,841)</u>
Expenditures:				
Operations and maintenance	16,128	16,722	\$ 28,100	\$ 11,378
Food service operations	<u>159,747</u>	<u>128,956</u>	<u>202,560</u>	<u>73,604</u>
Total expenditures	<u>175,875</u>	<u>145,678</u>	<u>\$ 230,660</u>	<u>\$ 84,982</u>
Receipts over (under) expenditures	14,774	51		
Unencumbered cash, beginning of year	<u>24,315</u>	<u>39,089</u>		
Unencumbered cash, end of year	<u>\$ 39,089</u>	<u>\$ 39,140</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Transfers:				
General fund	\$ -	\$ 5,000	\$ -	\$ 5,000
Supplemental general fund	10,000	-	5,000	(5,000)
Total cash receipts	10,000	5,000	<u>\$ 5,000</u>	<u>\$ -</u>
Expenditures:				
Instructional support staff	3,174	4,879	<u>\$ 22,230</u>	<u>\$ 17,351</u>
Receipts over (under) expenditures	6,826	121		
Unencumbered cash, beginning of year	<u>10,404</u>	<u>17,230</u>		
Unencumbered cash, end of year	<u>\$ 17,230</u>	<u>\$ 17,351</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Other	\$ 1,434	\$ 3,357	\$ 1,500	\$ 1,857
Transfers:				
General fund	199,289	174,218	224,198	(49,980)
Supplemental general fund	45,000	100,000	45,000	55,000
Total cash receipts	245,723	277,575	<u>\$ 270,698</u>	<u>\$ 6,877</u>
Expenditures:				
Instruction	241,409	253,877	<u>\$ 315,764</u>	<u>\$ 61,887</u>
Receipts over (under) expenditures	4,314	23,698		
Unencumbered cash, beginning of year	40,753	45,067		
Unencumbered cash, end of year	<u>\$ 45,067</u>	<u>\$ 68,765</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Other	\$ 199	\$ -	\$ 200	\$ (200)
Transfers:				
General fund	24,000	20,000	47,994	(27,994)
Supplemental general fund	45,000	55,000	45,000	10,000
Total cash receipts	69,199	75,000	<u>\$ 93,194</u>	<u>\$ (18,194)</u>
Expenditures:				
Instruction	50,156	59,622	<u>\$ 118,439</u>	<u>\$ 58,817</u>
Receipts over (under) expenditures	19,043	15,378		
Unencumbered cash, beginning of year	5,569	24,612		
Unencumbered cash, end of year	<u>\$ 24,612</u>	<u>\$ 39,990</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 111,229	\$ 93,143	\$ 124,243	\$ (31,100)
Expenditures:				
Instruction	77,055	64,267	\$ 80,462	\$ 16,195
Student support services	2,838	2,515	6,558	4,043
Instructional support staff	3,033	1,770	3,721	1,951
General administration	3,862	2,422	2,967	545
School administration	9,374	7,638	8,784	1,146
Operations and maintenance	5,560	5,682	7,974	2,292
Student transportation services	4,742	3,446	5,167	1,721
Other supplemental services	972	2,329	2,886	557
Food service operations	3,793	3,074	5,724	2,650
Total expenditures	111,229	93,143	\$ 124,243	\$ 31,100
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

AT- RISK (4 YR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Transfers:				
General fund	\$ 3,288	\$ 5,000	\$ -	\$ 5,000
Supplemental general fund	23,000	16,000	23,000	(7,000)
Total cash receipts	26,288	21,000	<u>\$ 23,000</u>	<u>\$ (2,000)</u>
Expenditures:				
Instruction	17,346	15,878	<u>\$ 18,000</u>	<u>\$ 2,122</u>
Receipts over (under) expenditures	8,942	5,122		
Unencumbered cash, beginning of year	12,156	21,098		
Unencumbered cash, end of year	<u>\$ 21,098</u>	<u>\$ 26,220</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

AT- RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfers:				
General fund	\$ 66,100	\$ 38,000	\$ 75,000	\$ (37,000)
Supplemental general fund	86,900	125,000	87,000	38,000
Total cash receipts	153,000	163,000	\$ 162,000	\$ 1,000
Expenditures:				
Instruction	118,602	116,396	\$ 158,002	\$ 41,606
Instructional support staff	4,999	5,153	10,000	4,847
Total expenditures	123,601	121,549	\$ 168,002	\$ 46,453
Receipts over (under) expenditures	29,399	41,451		
Unencumbered cash, beginning of year	3,603	33,002		
Unencumbered cash, end of year	\$ 33,002	\$ 74,453		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

RECREATION COMMISSION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ (548)	\$ 294	\$ 403	\$ (109)
Current tax	28,786	28,459	26,128	2,331
Delinquent tax	552	11	-	11
Motor vehicle tax	1,579	1,456	-	1,456
Recreational vehicle tax	20	19	19	-
In lieu of taxes	-	-	87	(87)
Total cash receipts	30,389	30,239	<u>\$ 26,637</u>	<u>\$ 3,602</u>
Expenditures:				
Transfer to component unit	30,799	35,614	<u>\$ 30,125</u>	<u>\$ (5,489)</u>
Receipts over (under) expenditures	(410)	(5,375)		
Unencumbered cash, beginning of year	<u>6,485</u>	<u>6,075</u>		
Unencumbered cash, end of year	<u>\$ 6,075</u>	<u>\$ 700</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

ASHLAND RECREATION COMMISSION
ASHLAND, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from primary government	\$ 30,799	\$ 35,614	\$ 28,094	\$ 7,520
Fees	1,570	880	680	200
Interest	35	37	247	(210)
Gifts and grants	16,000	3,000	-	3,000
Miscellaneous	391	346	-	346
Total cash receipts	<u>48,795</u>	<u>39,877</u>	<u>\$ 29,021</u>	<u>\$ 10,856</u>
Expenditures:				
Recreation supplies	5,384	1,199	\$ 2,000	\$ 801
Utilities	491	508	1,500	992
Equipment	-	-	3,500	3,500
Instructors and coaches	1,575	-	3,000	3,000
Umpires	2,628	3,365	3,000	(365)
Tournament fees	329	175	200	25
Advertising and office supplies	147	336	-	(336)
Repair, maintenance, mowing and rentals	11,962	4,032	11,000	6,968
Director salary	8,866	8,962	8,866	(96)
Insurance	3,748	2,852	3,800	948
Accounting	-	600	1,300	700
Taxes	2,124	1,892	3,000	1,108
Capital outlay	-	16,330	-	(16,330)
Refunds	-	740	-	(740)
Youth football program	-	3,000	-	(3,000)
Miscellaneous	327	655	-	(655)
Total expenditures	<u>37,581</u>	<u>44,646</u>	<u>\$ 41,166</u>	<u>\$ (3,480)</u>
Receipts over (under) expenditures	11,214	(4,769)		
Unencumbered cash, beginning of year	<u>33,216</u>	<u>44,430</u>		
Unencumbered cash, end of year	<u>\$ 44,430</u>	<u>\$ 39,661</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

NON-BUDGETED SPECIAL REVENUE FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

Year ended June 30, 2011

	<u>Contingency reserve</u>	<u>Textbook and student material revolving</u>	<u>Title I</u>	<u>Title II math/science</u>
Cash receipts:				
Fees	\$ -	\$ 10,385	\$ -	\$ -
Federal aid	-	-	44,797	10,406
Grants	-	-	-	-
Gifts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash receipts	-	10,385	44,797	10,406
Expenditures:				
Instruction	-	12,325	44,797	10,406
	<hr/>	<hr/>	<hr/>	<hr/>
Receipts over (under) expenditures	-	(1,940)	-	-
Unencumbered cash, beginning of year	58,720	6,474	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Unencumbered cash, end of year	<u>\$ 58,720</u>	<u>\$ 4,534</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral
part of the financial statements.

<u>Title III</u>	<u>Title IV drug free</u>	<u>REAP grant</u>	<u>Gifts and grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,385
968	522	21,964	-	78,657
-	-	-	11,800	11,800
-	-	-	71,804	71,804
968	522	21,964	83,604	172,646
968	522	21,964	24,466	115,448
-	-	-	59,138	57,198
-	-	-	75,928	141,122
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,066</u>	<u>\$ 198,320</u>

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

MEGINNISS TRUST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

	Year ended June 30,	
	2010	2011
Cash receipts:		
Interest	\$ 525	\$ 150
Expenditures:		
Scholarships	-	-
Receipts over (under) expenditures	525	150
Unencumbered cash, beginning of year	38,634	39,159
Unencumbered cash, end of year	<u>\$ 39,159</u>	<u>\$ 39,309</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

DISTRICT ACTIVITY FUNDS

**SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2011

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Athletics	\$ -	\$ 33,104	\$ 26,531	\$ 6,573	\$ -	\$ 6,573
Annual	-	4,995	4,508	487	-	487
FCA	56	-	-	56	-	56
Jay TV	5,043	375	1,073	4,345	-	4,345
Tennis club	1,612	1,327	1,666	1,273	-	1,273
JH volleyball club	178	166	168	176	-	176
HS volleyball club	290	183	404	69	-	69
JH football club	-	2,324	2,324	-	-	-
HS football club	918	1,265	1,627	556	-	556
HS golf club	1	1,134	1,038	97	-	97
JH track club	120	-	-	120	-	120
HS track club	44	1,015	300	759	-	759
JH boys basketball club	121	423	425	119	-	119
JH girls basketball club	5	3,687	3,692	-	-	-
HS boys basketball club	3,769	2,606	-	6,375	-	6,375
HS girls basketball club	882	293	610	565	-	565
Forensics club	83	420	391	112	-	112
Quiz bowl club	133	-	-	133	-	133
Weightlifting club	128	3,712	3,168	672	-	672
Skills USA club	360	2,263	1,415	1,208	-	1,208
Book fair	-	3,229	3,225	4	-	4
Memorial fund	541	-	-	541	-	541
High school quiz bowl	-	1,115	578	537	-	537
Band and music	-	2,125	1,447	678	-	678
Forensics	-	2,988	2,686	302	-	302
Total district activity funds	\$ 14,284	\$ 68,749	\$ 57,276	\$ 25,757	\$ -	\$ 25,757

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

Year ended June 30, 2011

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Student activity funds:				
High school cheerleaders	\$ 301	\$ 3,825	\$ 3,518	\$ 608
Junior high school cheerleaders	72	2,225	1,616	681
Class of 2010	868	24	892	-
Class of 2011	4,509	699	3,141	2,067
Class of 2012	11,380	1,767	3,740	9,407
Class of 2013	5,187	2,632	105	7,714
Class of 2014	4,159	4,776	1,521	7,414
Class of 2015	7,107	8,083	5,471	9,719
Class of 2016	-	2,066	-	2,066
IRC - Special Ed	2,858	1,447	762	3,543
A-Club	2,534	1,435	2,198	1,771
National Honor Society	902	-	-	902
Stuco	1,873	4,536	3,941	2,468
Concessions	9,237	41,629	50,211	655
	<u>50,987</u>	<u>75,144</u>	<u>77,116</u>	<u>49,015</u>
Total student activity funds				
	<u>50,987</u>	<u>75,144</u>	<u>77,116</u>	<u>49,015</u>
Clearing funds:				
Interest	41	497	-	538
Sales tax	-	5,458	5,468	(10)
	<u>41</u>	<u>5,955</u>	<u>5,468</u>	<u>528</u>
Total clearing funds				
	<u>41</u>	<u>5,955</u>	<u>5,468</u>	<u>528</u>
Other agency:				
Insurance fund	-	3,482	3,482	-
	<u>-</u>	<u>3,482</u>	<u>3,482</u>	<u>-</u>
Total agency funds				
	<u>\$ 51,028</u>	<u>\$ 84,581</u>	<u>\$ 86,066</u>	<u>\$ 49,543</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220
ASHLAND, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are the representation of the District's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting described below.

1. Reporting entity

Unified School District No. 220, Ashland, Kansas is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 220, Ashland, Kansas, (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Discretely Presented Component Unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. Four of the five members of the governing board of the Recreation Commission are appointed by the Board of Education.

Ashland Recreation Commission: The Recreation Commission oversees recreational activities. The Recreation Commission operates as a separate governing body but the District levies the taxes for the Recreation Commission and the Recreation Commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Ashland Recreation Commission may be obtained as follows:

Ashland Recreation Commission
P.O. Box 815
Ashland, Kansas 67831

2. Fund accounting

The accounts of the District are organized on the basis of funds. A fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting (continued)

District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following funds comprise the financial activities of the District for the year ended June 30, 2011:

GOVERNMENTAL FUNDS

General Funds

The general and supplemental general funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other fund and finance a wider range of activities than any other fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulations.

FIDUCIARY FUNDS

Private-Purpose Trust Fund

The private-purpose trust fund is used to account for the principal and income for trust arrangements that benefit individuals, private organizations or other governments.

Agency Funds

Agency funds are used to account for assets held by the District as an agent for individuals, other governments and/or other funds.

3. Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting (continued)

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general funds, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments to the budget for the year ended June 30, 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets (continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the private-purpose trust fund, agency funds, and the following special revenue funds:

- Contingency reserve
- Textbook and student material revolving
- Title I
- Title II math/science
- Title III
- Title IV drug free
- Rural education achievement program
- Gifts and grants
- District activity funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Cash and investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's deposits. Unless specifically designated, all investment income is credited to funds designated by K.S.A. 72-6427.

6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes attaches on the same date until taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20 and the second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The state of Kansas pays the District's share of all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

8. Compensated absences

The District's policy grants employees on twelve month contracts ten or fifteen days vacation per year depending upon length of service. Vacation time is noncumulative and is lost if not taken within one year. Sick leave for employees on twelve month contracts may be accumulated at the rate of six to twelve days per year up to a total accumulation of 36 to 100 days depending upon position of employment. In the event of death, retirement or termination of employment for all employees, accumulated sick leave is lost. The District does not accrue compensated absences as the amounts thereof are not material in relationship to the financial statements taken as a whole. These costs are expensed as paid.

9. Section 125 plan

The District offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, unreimbursed medical expense, dental/vision insurance and other various insurance premiums. The plan is administered by an independent company.

10. Voluntary early retirement plan

The District offers a voluntary early retirement plan to certified employees of the District. Qualifying personnel must have ten or more continuous years of service and be eligible to receive KPERs retirement benefits. Retirees receive one quarter of their base pay and a \$900 health insurance benefit per year. Benefits are payable for five years or until the participant reaches age 65. Payments to retired employees were \$16,223 for the year ended June 30, 2011.

11. Other post employment benefits

As provided by K.S.A 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, provides for premium reductions for health benefits under COBRA. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for the consideration of the Director of Accounts and Reports, the State Department of Education and legal representatives of the District.

The cash basis law provided by K.S.A. 10-1113 prohibits the expenditures of funds in excess of available cash. The General Fund showed an ending unencumbered cash deficit of \$100,047 as of June 30, 2011. This was a result of the State of Kansas not making its final payment until after the end of the fiscal year. The District was instructed by the State to expend the authorized budget for the year and the balance of the monies due to the District from the State of Kansas was received after the end of the fiscal year. K.S.A. 10-1116a exempts school districts from the cash basis law in this situation.

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. Expenditures exceeded the adopted budget in the Recreation Commission Fund by \$5,489.

K.S.A. 72-6417 and K.S.A. 72-6434 require that districts receiving state aid in July for the previous fiscal year ended in June record and account for these funds as a receipt for the school year ending on the preceding June 30. The following schedule demonstrates compliance with this statute:

B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

GENERAL FUND

STATEMENT OF STATUTORY RECEIPTS, EXPENDITURES AND BALANCES

Year ended June 30, 2011

	Statutory amounts	Budget	Variance favorable (unfavorable)
Statutory receipts:			
Taxes:			
Ad valorem property:			
Tax in process	\$ 5,126	\$ 21,002	\$ (15,876)
Current tax	556,029	502,183	53,846
Delinquent tax	242	-	242
Federal aid:			
ARRA stabilization funds	35,082	35,082	-
Education jobs funds	61,428	-	61,428
State aid:			
Equalization aid	999,253	1,179,202	(179,949)
Mineral production tax	38,862	-	38,862
Special education aid	151,218	192,148	(40,930)
In lieu of taxes	-	1,760	(1,760)
Total statutory receipts	<u>1,847,240</u>	<u>\$ 1,931,377</u>	<u>\$ (84,137)</u>
Expenditures and transfers subject to legal maximum budget:			
Instruction	869,920	\$ 802,300	\$ (67,620)
Student support services	47,672	57,000	9,328
Instructional support staff	31,200	60,471	29,271
General administration	155,205	127,500	(27,705)
School administration	117,880	152,900	35,020
Operations and maintenance	208,099	205,200	(2,899)
Student transportation services	3,663	6,000	2,337
Vehicle operating services	-	8,500	8,500
Vehicle maintenance and service	-	7,789	7,789
Other supplemental services	144,950	117,925	(27,025)
Operating transfers	268,651	385,792	117,141
Adjustment to comply with legal maximum budget	-	(84,137)	(84,137)
Total expenditures and transfers subject to legal maximum budget	<u>1,847,240</u>	<u>\$ 1,847,240</u>	<u>\$ -</u>
Receipts over (under) expenditures	-		
Statutory balance, beginning of year	-		
Statutory balance, end of year	<u>\$ -</u>		

C. DEPOSITS AND INVESTMENTS

Policies. The District has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds to have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. At year-end the carrying amount of the District's deposits, including certificates of deposit, was \$827,433. The bank balance was \$907,639. Of the bank balance, \$341,532 was covered by FDIC insurance, and \$566,107 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

D. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2011, were as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end of year</u>
Voluntary early retirement	\$ 34,765	\$ -	\$ 16,223	\$ 18,542

E. DEFINED BENEFIT PENSION PLAN

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rate at 4% and 6% respectively of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.17% of covered payroll for July 1, 2010 through June 30, 2011. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were \$93,143, \$111,229, and \$115,327.

F. INTERFUND TRANSACTIONS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. Operating transfers as authorized by K.S.A. 72-6428 and K.S.A. 72-6433 were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General fund	Special education fund	\$ 174,218
General fund	At-risk (4 yr old) fund	5,000
General fund	At-risk (K-12) fund	38,000
General fund	Bilingual fund	5,000
General fund	Vocational education fund	20,000
General fund	Capital outlay fund	21,433
General fund	Professional Development fund	5,000
Supplemental general fund	Bilingual fund	6,600
Supplemental general fund	Food service fund	43,500
Supplemental general fund	Special education fund	100,000
Supplemental general fund	Vocational education fund	55,000
Supplemental general fund	At-risk (4 yr old) fund	16,000
Supplemental general fund	At-risk (K-12) fund	<u>125,000</u>
		<u>\$ 614,751</u>

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Recreation commission fund	Ashland District Recreation Commission	<u>\$ 35,614</u>

G. CONTINGENCIES

The District receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2011.

H. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a public entity risk pool to cover worker's compensation claims. All other risks are covered by commercial insurance. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

H. RISK MANAGEMENT (CONTINUED)

Workers' Compensation Coverage

The District is a member of the Kansas Association of School Boards Risk Management Services which is a public entity risk pool currently operating as a common risk management and insurance program for member school districts.

The District pays an annual premium to the Kansas Association of School Boards Risk Management Services for its workers compensation insurance coverage. The agreement to participate provides that the plan will be self-sustaining through member premiums and reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Additional premiums may be due if total claims for the pool are different from what has been anticipated by the Kansas Association of School Boards Risk Management Services management.

I. JOINT VENTURE

On July 1, 2009, the District and eight other school districts signed an agreement with Interlocal No. 625. The school district will fund Interlocal No. 625 on an as needed basis to cover salaries and other administrative costs for maintaining the nine-district ITV network.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2011, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.